



Unique History ... Vibrant Future

## 2008 Budget Message

### A Critical Bridge Year for Services

The City of DuPont entered a new phase in 2007 with a slowdown in the residential real estate market and the pace of growth. The ripple effect of the slowdown was evidenced in development revenues which in previous years have grown vigorously. It is estimated that development revenues will prove to have dropped significantly (approximately \$300,000) when years end is finalized. The Northwest Landing project is in the last phase of its residential development and anticipates building out by the end of 2009. Commercial and industrial development has started to become the dominant activity involving our planning and building sections.

The revenue picture in 2008 is bleak with the General Fund revenues reflecting the onerous restrictions imposed on property tax increases. The City hoped to address this issue with a special levy election establishing a junior taxing district dedicated to Parks and Recreation. As any new levy measure is uncertain, at this writing the 2008 DuPont City Budget was built using current revenues. As a result, all services dependant on the General Fund have received a high level of scrutiny. The Public Works budget does not include adequate funding to contract for greenway and park maintenance at the level provided in the previous four years. The 2008 Budget is the first in several years that does not provide for an increase in permanent staff positions, with the exception of changing a contract position into a part-time permanent employee. As a result, the organization will be forced to absorb the impact of growth and development within currently available resources.

The sustainability of programs and demand for new services, some of which are mandated by our own development regulations e.g. acceptance of new parks, have made this a budget where the weighing of priorities has been required more than ever in the past. Another example of a difficult service choice was the late 2007 addition of ALS service in the Fire Department. The inability to grow revenues in pace with service demand is a dominant theme in 2008.

A tax levy lift was approved by residents in 2003 increasing the City's general property tax rate from \$0.324 per \$1,000 of assessed valuation to \$1.324 per \$1,000 assessed valuation. The residents expressed their desire to use the increased revenue to fund increased public safety and greenway maintenance. I believe the City has delivered on that desire. However, given the limitations placed on property tax levies, the \$1.324 per \$1,000 assessed valuation has eroded over the 4 succeeding years and will be \$0.979 per \$1,000 assessed valuation in 2008. Therefore, tough decisions have had to be made. A detailed explanation will follow. Inflation has resulted in the City's expenses rising at a much more rapid rate than the allowable increase in the tax levy rate.

## Budget Overview

The 2008 Budget totals \$11,675,153 in all funds, including over \$8.8 million in operating funds. As mentioned, the City staffing level remains the same. The Administration is taking a hard look at ways that current staffing may be used more efficiently to improve service delivery. The City of DuPont has a tradition of doing more for less and having extremely dedicated and professional staff. The loyal and valuable members of our City organization including our department Directors deserve high praise for their commitment.

Total budgeted resources for 2008 are \$21,305,992. Budgeted beginning fund balance for all funds in 2008 is \$10,150,080 and the 2008 budget for total revenues is \$11,155,912. Property tax rates will decrease for the fourth consecutive year. The regular property tax rate will be \$0.979 per \$1,000 of assessed valuation, as opposed to \$1.058 in 2007. The city's total property tax levy for collection in 2008 is \$1,187,503. Total assessed city property values increased by about \$178 million (17%) to \$1.2 billion. The EMS levy decreased from \$0.44 in 2007 to \$0.41, with a total collection of \$497,874 in 2008.

Total budgeted expenditures for 2008 are \$11,675,153, a \$349,569 decrease from the 2007 revised budget. Total budgeted ending fund balance across all funds is \$9,630,839, an increase of \$780,032 from the 2007 revised budget. Personnel costs are 53% of total operating expenses, while services and debt service are 35% and 12% respectively. The percentages for personnel, services and debt service in 2007 were 54%, 40% and 6% respectively.

Budgeted operating revenues (total revenues minus transfers and grants) for 2008 are \$10,227,185 as compared to \$8,377,408 in 2007. The 2008 budget for operating expenditures (total expenditures minus transfers and capital outlays) is \$8,817,373 compared to \$7,309,307 in 2007. Taxes make up 47% (\$5,264,296) and charges for services, including utility services are 37% (\$4,098,697) of total citywide operating revenues.

The operating budget includes all expenses that are not classified as capital or inter-fund transfers. These expenses include all personnel costs, supplies, professional services, debt payments, excluding special assessment debt and intergovernmental costs within the General and Debt Service Funds, Enterprise Funds (Water, Sewer and Storm) and Special Revenue Funds (Streets, Hotel/Motel, Public Safety Mitigation, Technology, and Glacier NW Settlement).

A \$680,843 ending balance is budgeted for the General Fund in 2008. This ending fund balance exceeds the management policy of 10% of General Fund revenues of \$5,419,435. Applicable General Fund revenues are total budgeted revenues less beginning fund balance, EMS levy proceeds, reimbursable engineering fees, and investment interest.

The city's capital budget for 2008 is \$2,359,539 and includes funding for general capital equipment and projects. This compares to \$1,405,517 in 2007. A major active project in 2008 is the completion of the Civic Center. Costs associated with development of Civic Drive and sewer, water, and stormwater utilities have been assumed by the City.

The 2008 budget is my last as DuPont's Mayor. My thanks and appreciation to all involved in the preparation of this budget. It was clear that 2008 would not be business as usual and it certainly has posed some difficult challenges. The City has a robust budget process which gives opportunity for full expression of diverse opinions. As such, it is almost certain that nobody will be perfectly satisfied with our work. Nevertheless, the 2008 Budget keeps DuPont marching forward and builds on the solid foundation of previous years' budgets.



Steve Young  
Mayor